

# OVERVIEW OF MINNEAPOLIS FED'S ANALYSIS OF THE *MINNEAPOLIS 2040 PLAN*

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FEDERAL RESERVE BANK  
OF MINNEAPOLIS



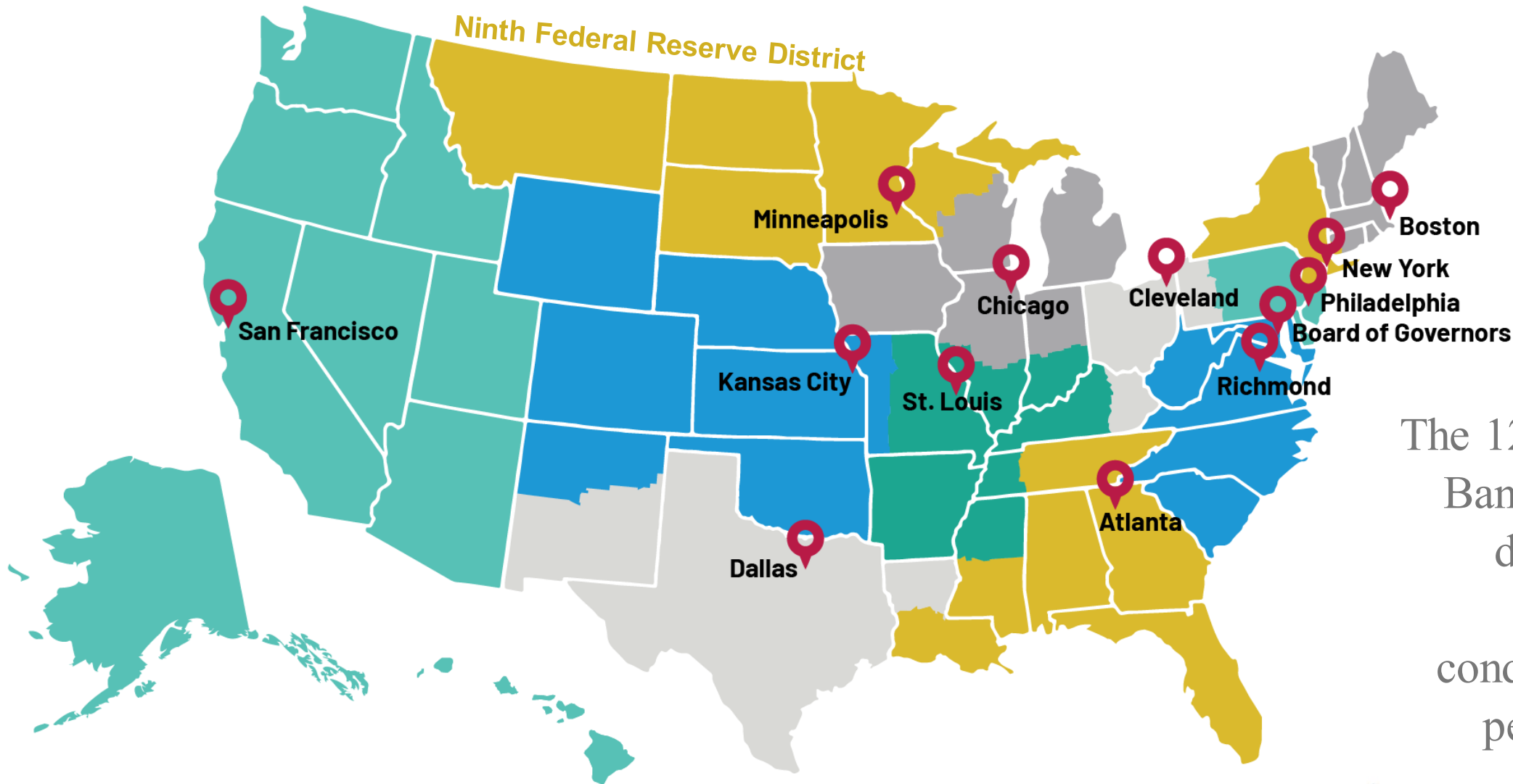
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# ORGANIZATION OF THE FEDERAL RESERVE

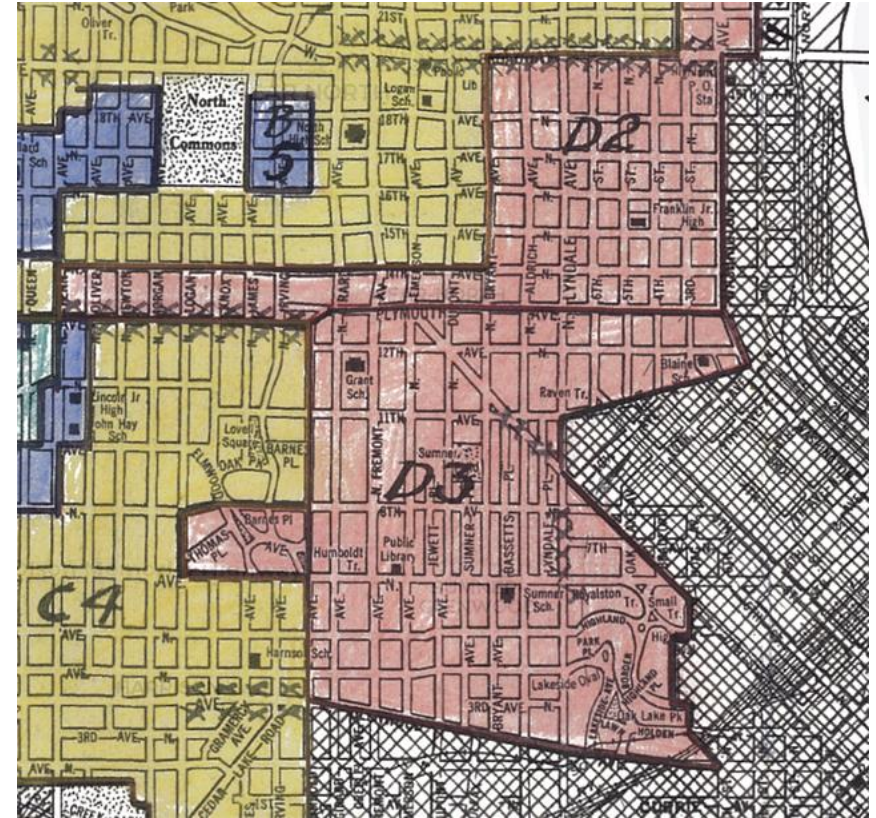


# ABOUT COMMUNITY DEVELOPMENT

In 1977, Congress passed the **Community Reinvestment Act**, intended to address the practice of redlining and help ensure equitable access to credit for all individuals and neighborhoods by reaffirming that banks must serve the communities where they do business.

In 1981, the Fed created **Community Development** to help depository institutions comply with the CRA.

Today, Community Development functions at all Banks focus on **expanding access to credit and opportunity for low- and moderate-income populations and places.**



# COMMUNITY DEVELOPMENT AND ENGAGEMENT

**Our mission today:** The Community Development and Engagement Division advances **the economic well-being and prosperity of low- to moderate-income individuals, households, and communities and Indian Country.**

Through applied research, data analysis, and policy development, the Division intends to make a substantial contribution to public policy.



# COMMUNITY DEVELOPMENT AND ENGAGEMENT

## Center for Indian Country Development



EVENT

**Native CDFIs: Lending Insights, Best Practices, and Policy Considerations**



ARTICLE

**A rising tide: Opportunities in Native federal contracting**

## Housing Affordability



ARTICLE

**Higher mortgage denials for solo applicants feed racial disparities in lending**



ARTICLE

**Twin Cities region sees a year of lukewarm progress against persistent housing challenges**

## Labor Market Policies



RESEARCH

**Occupational Licensing as a Barrier to Entry for Immigrants**



ARTICLE

**New data on non-compete contracts and what they mean for workers**



## OVERVIEW

- In 2019, the City of Minneapolis adopted plans and policies to lead to more affordable housing, including the elimination of single-family zoning.
- Recognizing the forefront of a national conversation happening in our district, the Minneapolis Fed is assessing the impact of their housing policy changes.
- We have built and are maintaining a dashboard of indicators. To date, change is slow.
- Recognizing a similar transformation underway in Montana, we are equally interested in monitoring the impacts of Montana's policy changes.





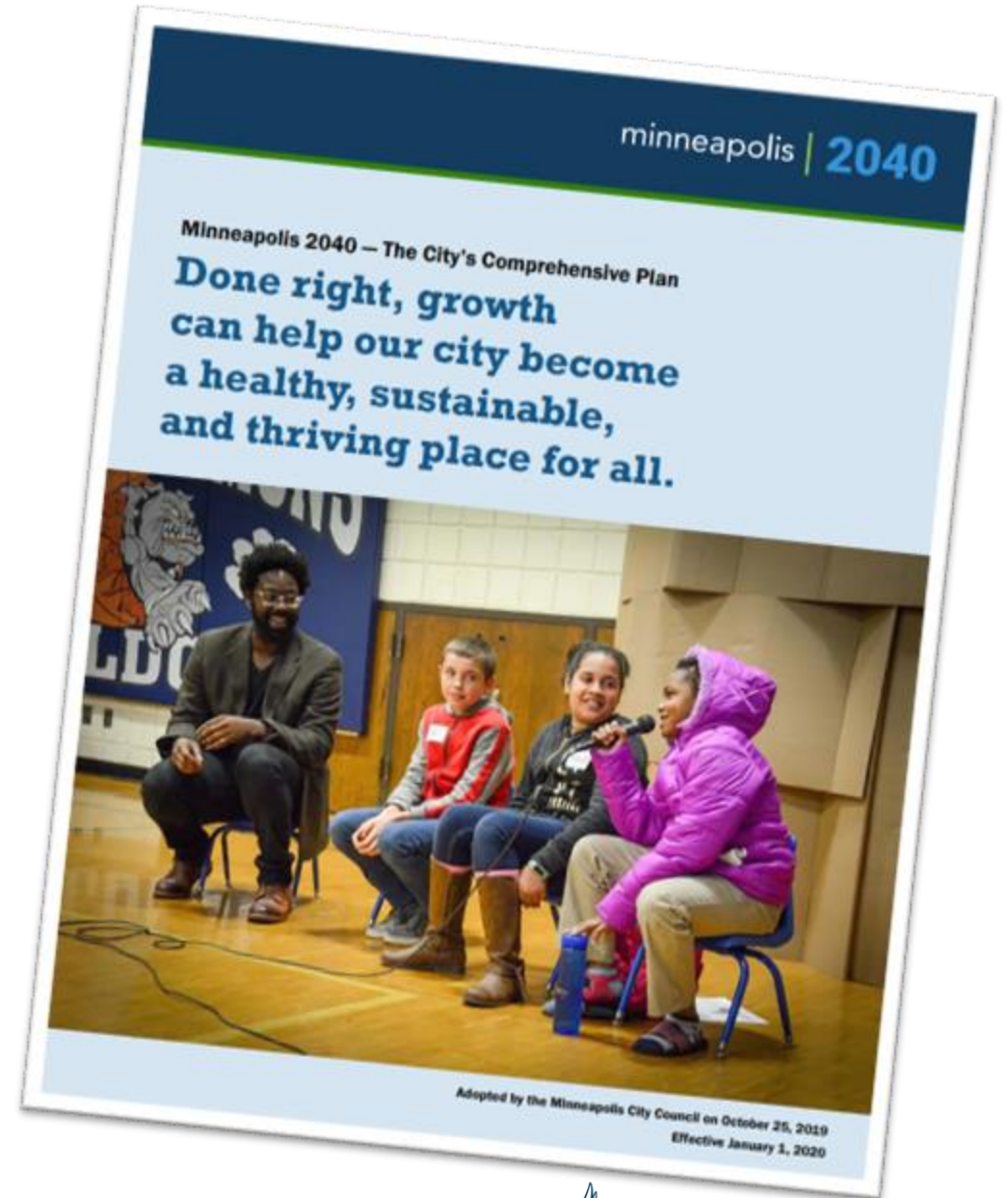
## ABOUT MINNEAPOLIS:

- Largest city in the state of Minnesota (over 430,000 residents) within a metropolitan area of 3 million people
- Growing population: Up 15 percent since 2010
- One-third of housing units are single-family detached; half are in multifamily buildings
- More than half of households rent their homes
- Relatively affordable compared to similar-sized cities
- Home of six Fortune 500 companies

## WHAT IS THE MINNEAPOLIS 2040 PLAN?

*“Minneapolis is growing and will continue to grow. Done right, this new growth can help our city become a healthy, sustainable, and thriving place for everyone. Minneapolis 2040 is a Comprehensive Plan that shapes how the city will grow and change. The plan covers topics such as housing, job access, the design of new buildings, and how we use our streets.”*

— Minneapolis 2040



The New York Times

## Minneapolis, Tackling Housing Crisis and Inequity, Votes to End Single-Family Zoning

### Rezoning History

Influential Minneapolis Policy Shift Links Affordability

PBS  
NEWS  
HOUR  
WEEKEND

## How Minneapolis became the first to end single-family zoning

Nov 23, 2019 5:24 PM EDT

IDEAS

## Minneapolis Saw That NIMBYism Has Victims

Single-family zoning hurts reformers put them front and center

By Richard D. Kahlenberg

THE AVENUE

## Minneapolis 2040: The most wonderful plan of the year

Jenny Schuetz - Wednesday, December 12, 2018

POLITICO MAGAZINE

Calling the Minneapolis 2040 plan ambitious is an understatement.

WHAT WORKS

## How Minneapolis Freed Itself From the Stranglehold of Single-Family Homes

Desperate to build more housing, the city just rewrote its decades-old zoning rules.

By ERICK TRICKEY | July 11, 2019

PROPERTY LINES

## Can Minneapolis's radical rezoning be a national model?

Here's what a plan to tackle climate change, density, and affordability looks like

MARKETS & ECONOMY

## Minneapolis has officially eliminated single-family zoning

A year after issuing a preliminary approval, the Minneapolis City Council approved the Minneapolis 2040 plan in a 12-1 vote on Friday

REPORT RIGHTS & JUSTICE

## How Minneapolis Ended Single-Family Zoning

## KEY HOUSING POLICIES WITH THE *MINNEAPOLIS 2040* PLAN:

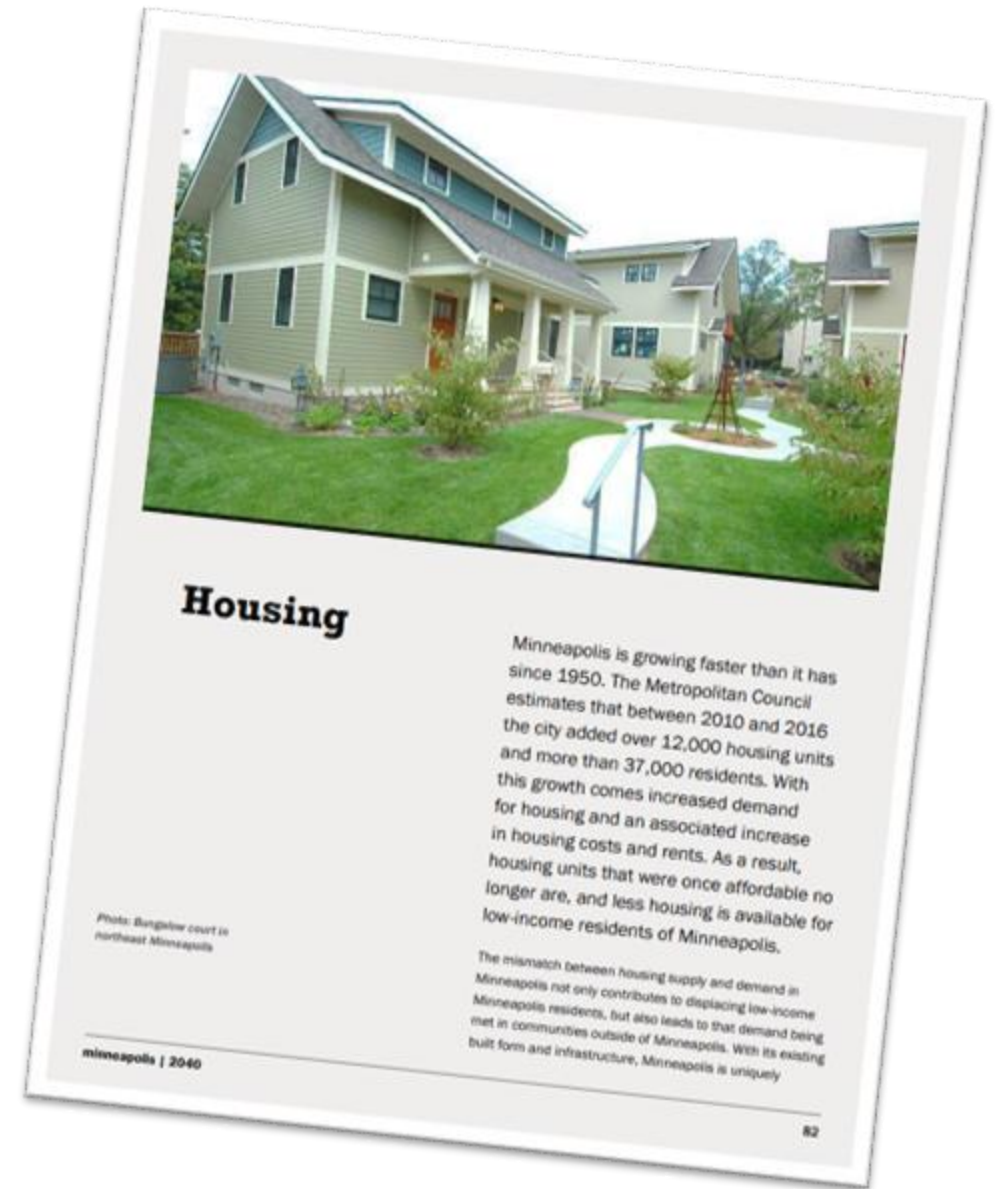
- More density, including allowing triplexes across the city
- Inclusionary zoning
- More predictability in development
- More affordable housing funding
- New policies supporting renters



# OVERVIEW OF THE PROJECT

## WHY THIS PROJECT?

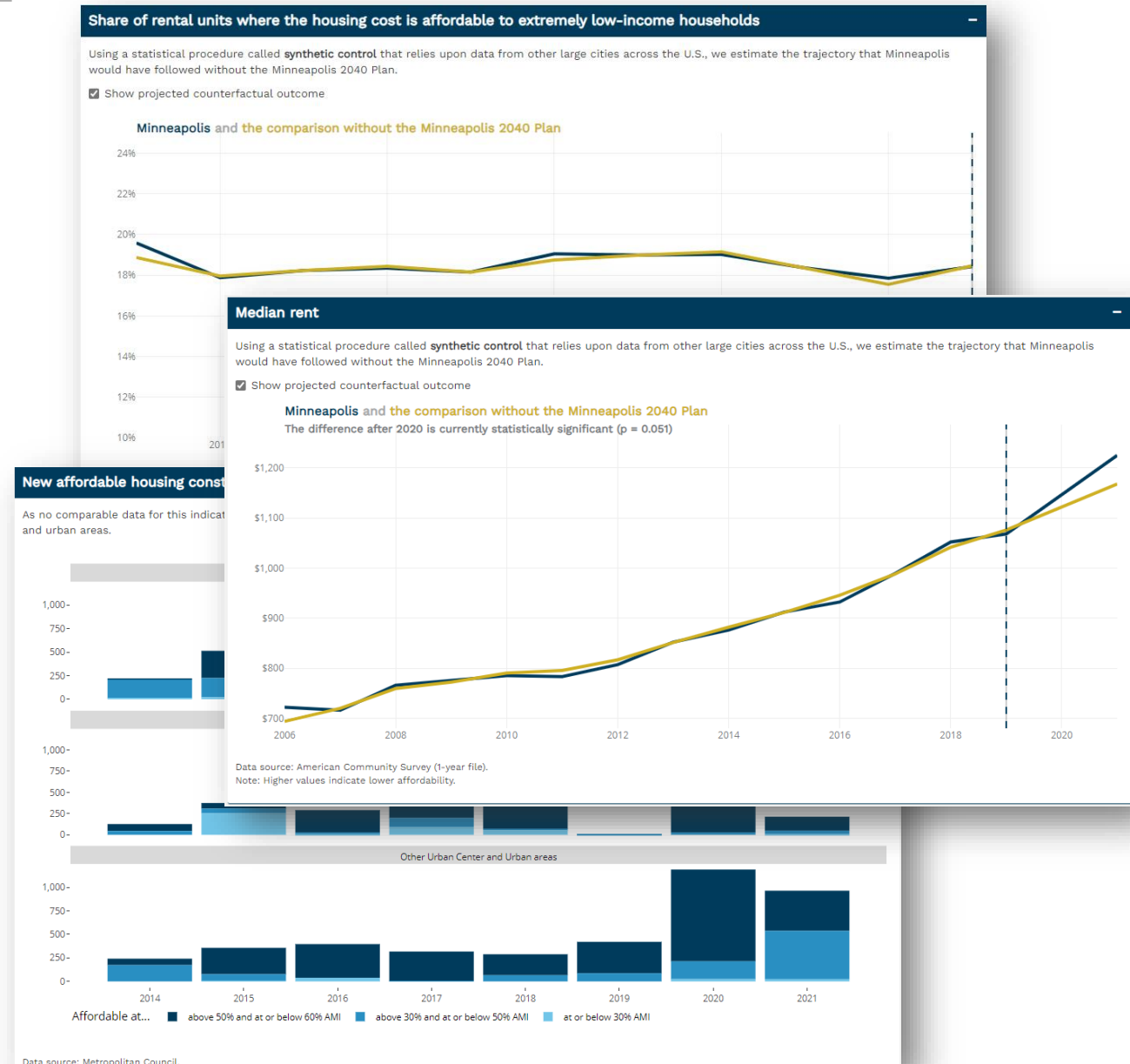
- Prepare now to answer the questions that will come about the plan's impacts – want to understand the impact on the housing market
- Provide economic context in assessing the effect of *Minneapolis 2040*
- Take a long-term (ten-year) perspective
- Want an independent view for the City
- [For the Fed:] Inform housing policy elsewhere in the region and nation



# OVERVIEW OF THE PROJECT

## HOW WE ARE ASSESSING THE IMPACT OF *MINNEAPOLIS 2040*:

- Develop a dashboard of key indicators, supported by current data and analytics, disaggregated where possible
- Track changes against what likely would have happened in Minneapolis had it not adopted the *Minneapolis 2040* plan



# DASHBOARD INCLUDES THREE GROUPS OF INDICATORS

## More housing

New duplex / triplex /  
quad housing

New multifamily  
housing

Mix of housing  
structure

## More affordable housing

New affordable  
housing

Stock of affordable  
rental housing

Housing cost burden

Price of housing

## More equitable housing

Housing choice

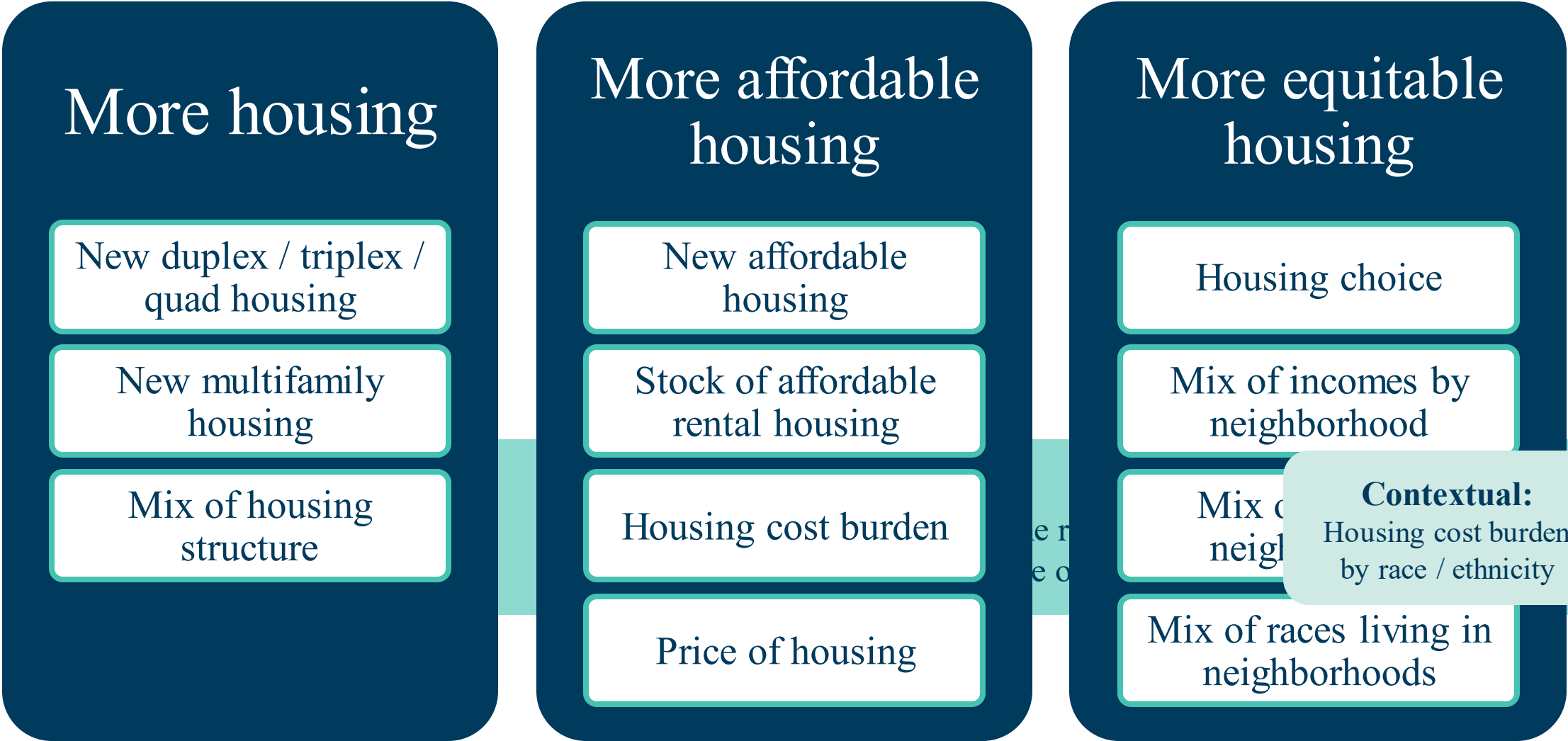
Mix of incomes by  
neighborhood

Mix of rents by  
neighborhood

Mix of races living in  
neighborhoods



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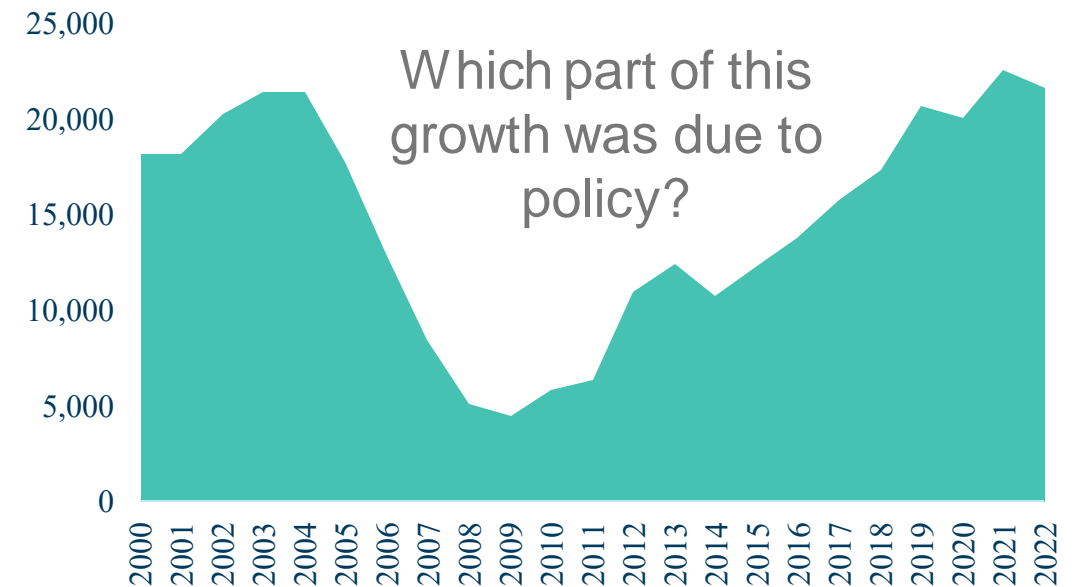


# WHAT WOULD HAVE HAPPENED WITHOUT THE 2040 PLAN?

Assessing the progress of *Minneapolis 2040* requires answering “Compared to what?”

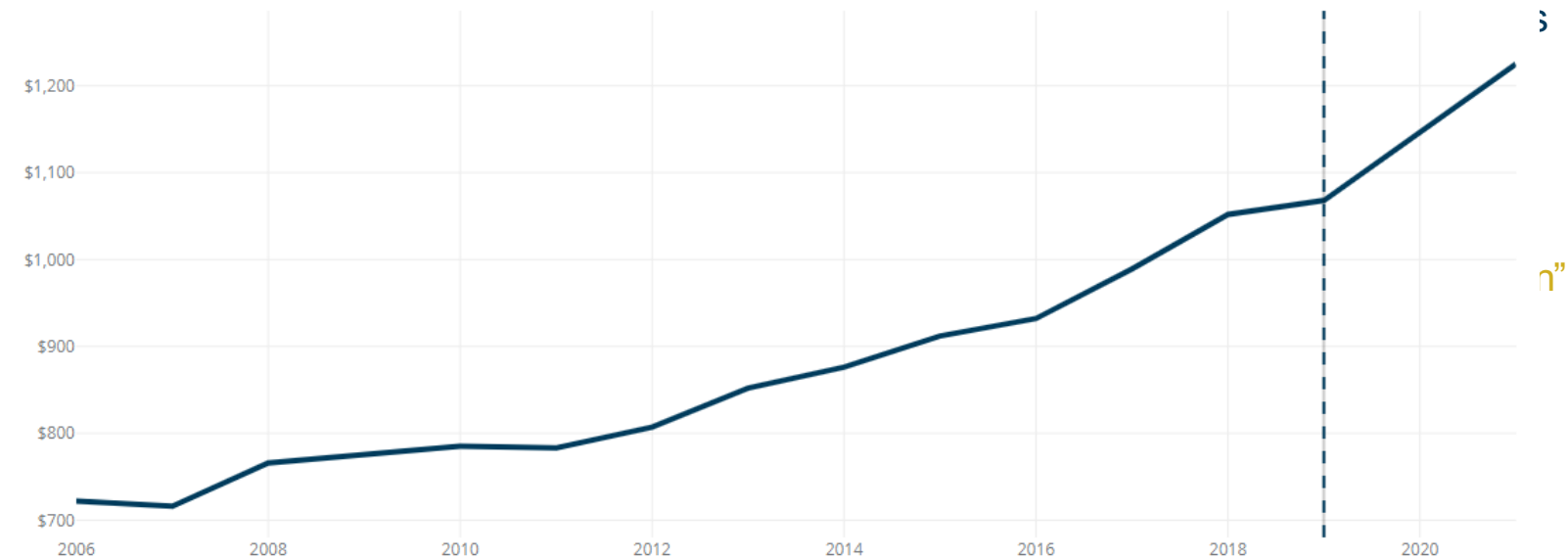
- Cannot simply compare before and after the Plan
- Need to disentangle Plan effects from outside economic events like recessions
- We need a control group – that is, Minneapolis but for the Plan

**New housing units permitted in the Twin Cities seven-county area**



# WHAT WOULD HAVE HAPPENED WITHOUT THE 2040 PLAN?

## MEDIAN RENTS



Data source: American Community Survey (1-year file).  
Note: Higher values indicate lower affordability.

The synthetic control model estimates the “but for the 2040 Plan” outcomes using comparison cities, selected to optimize the pre-2020 match w/ Minneapolis

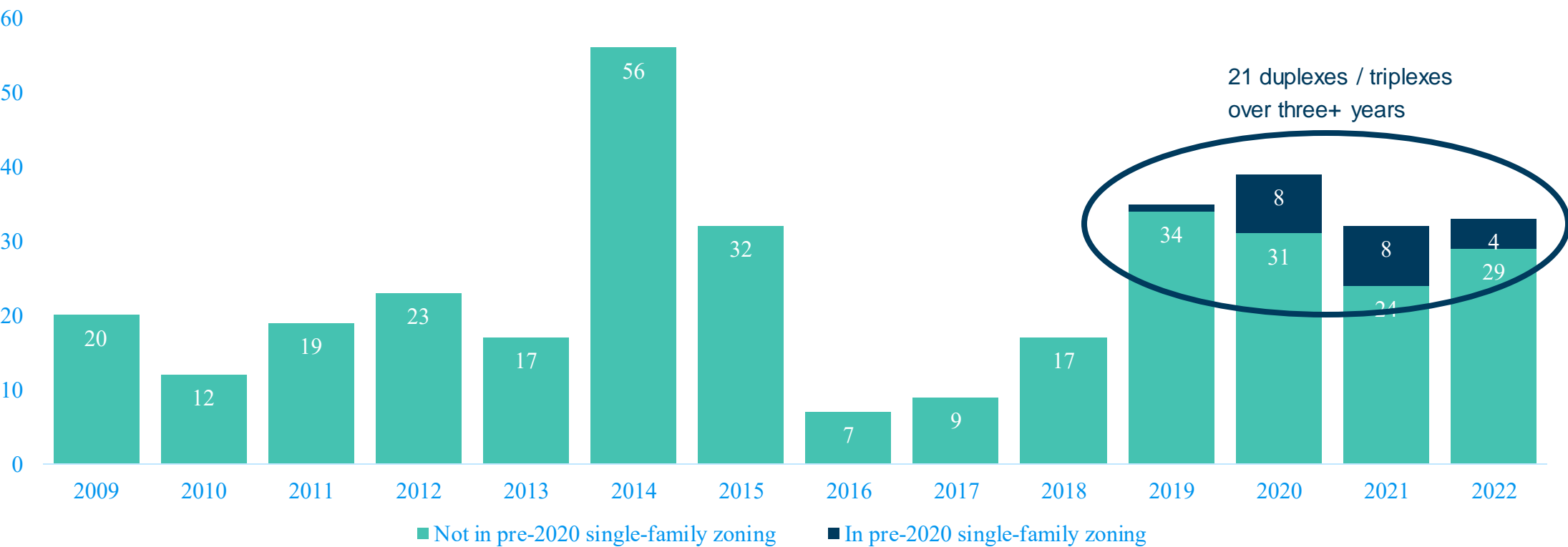
*Differences starting in 2020 are our best assessment of impacts of the 2040 Plan*



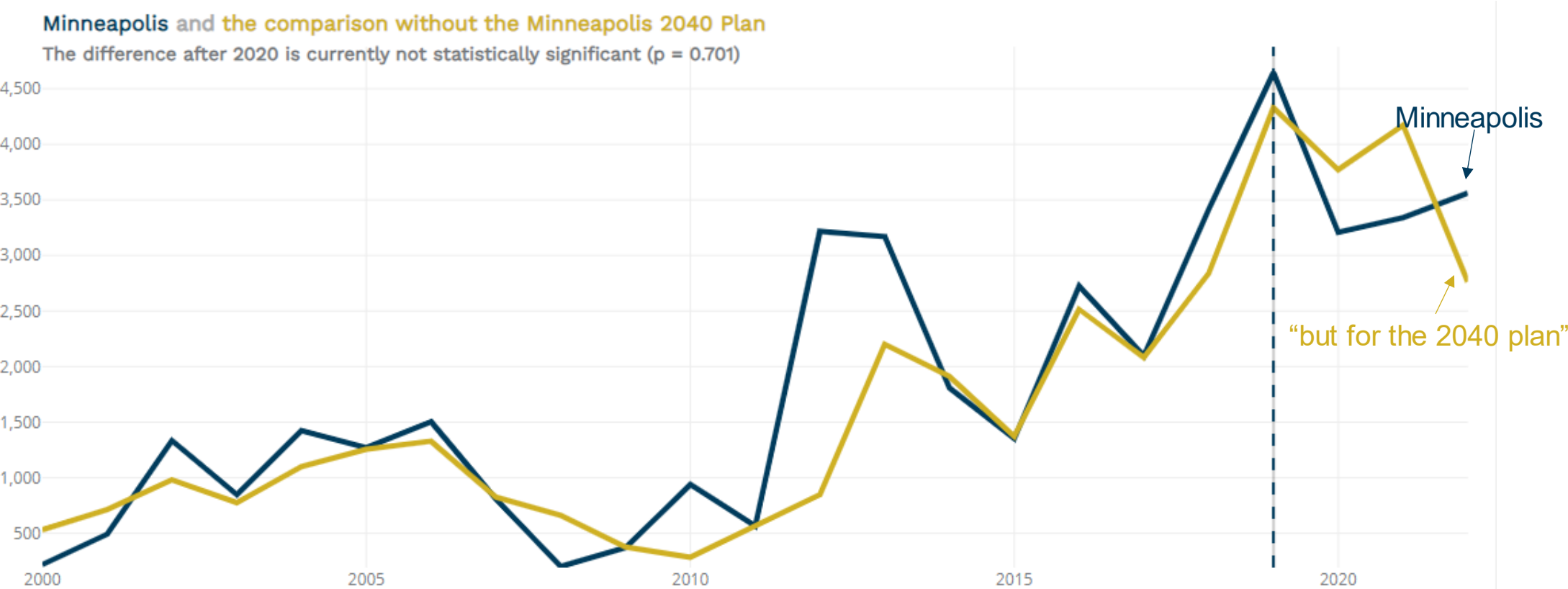
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# CHANGE IS SLOW

## NEW PERMITTED BUILDINGS FOR DUPLEX/TRIPLEX/FOURPLEX



# NEW UNITS OF MULTIFAMILY CONSTRUCTION



Data source: U.S. Census Bureau Building Permits Survey.  
Note: Higher values indicate more production.



**LEARN MORE AT:**

**[www.minneapolisfed.org/article/2021/new-fed-tool-will-measure-zoning-reforms-impacts-on-housing-affordability-in-minneapolis](http://www.minneapolisfed.org/article/2021/new-fed-tool-will-measure-zoning-reforms-impacts-on-housing-affordability-in-minneapolis)**

# WHAT LIES AHEAD IN MONTANA?





## IN SUMMARY

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**THANK YOU!**

**For more information: [libby.starling@mpls.frb.org](mailto:libby.starling@mpls.frb.org)**

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